TECHNOLOGY AS AN ECONOMIC AND FINANCIAL CRIME DETERMINANT - A QUADRATIC APPROACH FOR THE EUROPEAN UNION

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Abstract
The purpose of this paper is to investigate the influence of various technology proxies on the size of the economic and financial crime. Our study uses data for the member states of the European Union throughout the 2005-2022 time-period. The methodology involves a linear and a quadratic approach of the data as well. This study demonstrates a nonlinear (quadratic) relationship between digitalization and economic and financial crime in the European Union, highlighting the existence of a threshold beyond which technological development reduces crime. Several robustness assessments show that our major findings are generally stable to alternative model specifications and proxy variables. This study might be extremely useful to states' decision-makers, governmental organizations and non-governmental enterprises. Our findings highlight the importance of advancing digital infrastructure alongside regulatory and institutional capacity to effectively combat technology-enabled crime.

Keywords
corruption, shadow economy, money laundering, information and communication technology, digitalization

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